

**BOARD OF EDUCATION
UNIFIED SCHOOL DISTRICT NO. 263
Mulvane, Kansas**

**Financial Statements
June 30, 2011**

**with
Independent Auditors' Report**

UNIFIED SCHOOL DISTRICT NO. 263

Financial Statements

Year Ended June 30, 2011

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UNIFIED SCHOOL DISTRICT NO. 263

Financial Statements

Year Ended June 30, 2011

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INDEPENDENT AUDITORS' REPORT

Board of Education
Unified School District No. 263
Mulvane, Kansas

We have audited the accompanying financial statements of the individual funds of Unified School District No. 263, Mulvane, Kansas, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Kansas Municipal Audit Guide, auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the District's policy is to prepare its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to in the first paragraph present fairly in all material respects, the cash and unencumbered cash balances of each of the various funds of Unified School District No. 263, Mulvane, Kansas, as of June 30, 2011, and the revenues received and expenditures paid of such funds for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2012 on our consideration of Unified School District No. 263's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of Unified School District No. 263, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements. The schedule of expenditure of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements, taken as a whole.

This report is intended solely for the use of the management of Unified School District No. 263, the Kansas Department of Education, the cognizant federal agency and other federal audit agencies and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by Unified School District No. 263, is a matter of public record.

Peterson Peterson & Zoss, LC

January 20, 2012

UNIFIED SCHOOL DISTRICT NO. 263
Summary of Cash Receipts, Expenditures and Unencumbered Cash
Year Ended June 30, 2011

Funds	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances	Ending Cash Balance
General	\$ (865,979)	\$ 10,148,219	\$ 10,056,673	\$ (774,433)	\$ 1,248	\$ (773,185)
Supplemental General	(370,974)	3,624,651	3,322,382	(68,705)	139,295	70,590
Special Revenue:						
At Risk (4 yr old)	-	73,109	73,109	-		-
At Risk (K-12)	23,109	758,419	761,486	20,042	13,298	33,340
Bilingual Education	-	2,887	2,887	-		-
Capital Outlay	1,423,454	351,243	603,834	1,170,863	338,932	1,509,795
Contingency Reserve	773,226	232,443	-	1,005,669		1,005,669
Driver Training	117,587	21,416	35,314	103,689		103,689
Extraordinary School Program	-	37,619	37,619	-		-
Food Service	284,835	808,638	851,342	242,131		242,131
KPERS Special Retirement Contribution	-	661,414	661,414	-		-
Professional Development	150,001	20,000	23,681	146,320	3,900	150,220
Parent Education	-	28,662	28,662	-	3,806	3,806
Special Education	1,340,175	2,271,853	2,422,606	1,189,422	874	1,190,296
Vocational Education	100,000	350,223	325,223	125,000		125,000
Textbook and Student Materials	250,001	168,324	220,996	197,329	203,879	401,208
Historical Museum	53,913	71,526	65,583	59,856		59,856
Recreation Commission	201,837	375,964	322,744	255,057		255,057
Gate Receipts	16,374	105,767	71,036	51,105	11,323	62,428
School Projects	6,077	7,312	5,557	7,832		7,832
Federal Projects:						
Title I Low Income	10,306	260,492	262,414	8,384	43	8,427
Title II-A Teacher Quality	2,397	62,044	64,441	-	-	-
Title II-D Tech Literacy	-	2,745	2,745	-	177	177
Title II EETT Enhancing	5,899	45,000	50,899	-	171	171
Carl Perkins Grant	-	17,454	17,454	-	-	-
Debt Service:						
Bond and Interest	1,350,382	1,474,894	1,577,705	1,247,571		1,247,571
Expendable Trust Fund	137,535	33,828	36,829	134,534	962	135,496
Total Reporting Entity (Excluding Agency Funds)	\$ 5,010,155	\$ 22,016,146	\$ 21,904,635	\$ 5,121,666	\$ 717,908	\$ 5,839,574

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
Summary of Cash Receipts, Expenditures and Unencumbered Cash
Year Ended June 30, 2011

Composition of Cash:

Mulvane State Bank:

Checking accounts	\$ 1,095,515
Money market accounts	4,833,731
Payroll clearing and other revolving	<u>(16,291)</u>
Total Cash	5,912,955

Agency Funds per Statement 4	<u>(73,381)</u>
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Total Reporting Entity (Excluding Agency Funds)	<u><u>\$ 5,839,574</u></u>
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The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
Summary of Expenditures - Actual and Budget
Year Ended June 30, 2011

Funds	Certified Budget	Adjustment to Comply with Legal Max	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)
General	\$ 10,056,673	\$ -	\$ 10,056,673	\$ 10,056,673	\$ -
Supplemental General	3,339,404		3,339,404	3,322,382	17,022
Special Revenue:					
At Risk (4 yr old)	80,000		80,000	73,109	6,891
At Risk (K-12)	900,108		900,108	761,486	138,622
Bilingual Education	4,200		4,200	2,887	1,313
Capital Outlay	1,747,913		1,747,913	603,834	1,144,079
Driver Training	132,000		132,000	35,314	96,686
Extraordinary School Program	70,000		70,000	37,619	32,381
Food Service	993,525		993,525	851,342	142,183
KPERS Special Retirement Contribution	843,919		843,919	661,414	182,505
Professional Development	52,500		52,500	23,681	28,819
Parent Education	28,827		28,827	28,662	165
Special Education	2,600,000		2,600,000	2,422,606	177,394
Vocational Education	360,642		360,642	325,223	35,419
Historical Museum	65,583		65,583	65,583	-
Recreation Commission	322,744		322,744	322,744	-
Debt Service:					
Bond and Interest	1,577,705		1,577,705	1,577,705	-

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263

General Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem property	\$ 1,004,046	\$ 1,014,771	\$ 10,725
Delinquent tax	18,359	26,267	7,908
Mineral production tax	-	116	116
Federal aid:			
ARRA Stabilization funds	179,009	179,009	-
Education job credit	-	313,445	313,445
State aid:			
Equalization aid	7,752,077	7,293,596	(458,481)
Special education aid	1,103,182	1,321,015	217,833
Total Cash Receipts	<u>10,056,673</u>	<u>10,148,219</u>	<u>91,546</u>
Expenditures:			
Instruction (net \$2800 state aid)	5,249,200	5,069,914	179,286
Student support services	243,950	241,502	2,448
Instructional support services	248,000	186,403	61,597
General administration	280,600	451,515	(170,915)
School administration	799,000	789,031	9,969
Operations and maintenance	710,000	476,089	233,911
Student transportation services	69,000	56,358	12,642
Vehicle operating services	206,000	201,919	4,081
Vehicle and maintenance services	60,315	59,621	694
Transfer to:			
Bilingual Education Fund	3,000	2,887	113
Special Education Fund	1,103,182	1,321,015	(217,833)
Vocational Education Fund	142,426	150,393	(7,967)
At Risk Fund (4 yr old)	80,000	73,109	6,891
At Risk Fund (K-12)	862,000	744,474	117,526
Contingency Reserve Fund	-	232,443	(232,443)
Total Expenditures	<u>10,056,673</u>	<u>10,056,673</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	91,546	91,546
Unencumbered Cash, Beginning	<u>-</u>	<u>(865,979)</u>	<u>(865,979)</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ (774,433)</u>	<u>\$ (774,433)</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
 Supplemental General Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem property	\$ 1,044,959	\$ 1,096,190	\$ 51,231
Delinquent tax	18,897	25,125	6,228
Motor vehicle tax	173,427	167,959	(5,468)
State aid:			
Equalization aid	2,068,854	2,335,377	266,523
Total Cash Receipts	<u>3,306,137</u>	<u>3,624,651</u>	<u>318,514</u>
Expenditures:			
Instruction	1,326,500	1,278,832	47,668
Instruction support services	10,000	6,952	3,048
General administration	185,000	172,553	12,447
School administration	12,000	7,083	4,917
Operations and maintenance	946,000	1,173,776	(227,776)
Transfer to:			
Textbook and Student Materials Fund	100,000	75,000	25,000
Professional Development Fund	-	20,000	(20,000)
Title II EETT Enhancing Fund	-	17,000	(17,000)
Parent Education Fund	11,356	11,356	-
Special Education Fund	648,548	360,000	288,548
Vocational Education Fund	100,000	199,830	(99,830)
Total Expenditures	<u>3,339,404</u>	<u>3,322,382</u>	<u>17,022</u>
Receipts Over (Under) Expenditures	(33,267)	302,269	335,536
Unencumbered Cash, Beginning	<u>33,267</u>	<u>(370,974)</u>	<u>(404,241)</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ (68,705)</u>	<u>\$ (68,705)</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
At Risk Fund (4 yr old)
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Transfer from General Fund	\$ 80,000	\$ 73,109	\$ (6,891)
Total Cash Receipts	<u>80,000</u>	<u>73,109</u>	<u>(6,891)</u>
Expenditures:			
Instruction	<u>80,000</u>	<u>73,109</u>	<u>6,891</u>
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
At Risk Fund (K-12)
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Tuition	\$ 15,000	\$ 13,945	\$ (1,055)
Transfer from General Fund	862,000	744,474	(117,526)
Total Cash Receipts	<u>877,000</u>	<u>758,419</u>	<u>(118,581)</u>
Expenditures:			
Instruction	603,000	478,939	124,061
Student support services	185,000	179,431	5,569
School administration	112,108	103,116	8,992
Total Expenditures	<u>900,108</u>	<u>761,486</u>	<u>138,622</u>
Receipts Over (Under) Expenditures	(23,108)	(3,067)	20,041
Unencumbered Cash, Beginning	<u>23,108</u>	<u>23,109</u>	<u>1</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 20,042</u>	<u>\$ 20,042</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
 Bilingual Education Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
Federal aid	\$ 1,200	\$ -	\$ (1,200)
Transfer from General Fund	<u>3,000</u>	<u>2,887</u>	<u>(113)</u>
Total Cash Receipts	4,200	2,887	(1,313)
Expenditures:			
Instruction	<u>4,200</u>	<u>2,887</u>	<u>1,313</u>
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
Capital Outlay Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem tax	\$ 120,309	\$ 120,660	\$ 351
Delinquent tax	4,267	3,712	(555)
Motor vehicle taxes	44,883	43,955	(928)
Interest	35,000	14,760	(20,240)
Lease payments	120,000	120,000	-
Miscellaneous	-	48,156	48,156
Total Cash Receipts	<u>324,459</u>	<u>351,243</u>	<u>26,784</u>
Expenditures:			
Instruction	200,000	195,562	4,438
Student support services	200,000	-	200,000
Instructional support services	200,000	-	200,000
General administration	200,000	-	200,000
School administration	200,000	-	200,000
Central services	200,000	-	200,000
Operations and maintenance	200,000	113,922	86,078
Transportation	200,000	133,662	66,338
Facility acquisition and service	147,913	160,688	(12,775)
Total Expenditures	<u>1,747,913</u>	<u>603,834</u>	<u>1,144,079</u>
Receipts Over (Under) Expenditures	(1,423,454)	(252,591)	1,170,863
Unencumbered Cash, Beginning	<u>1,423,454</u>	<u>1,423,454</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 1,170,863</u>	<u>\$ 1,170,863</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
Contingency Reserve Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2011

	<u>Actual</u>
Cash Receipts:	
Transfer from General Fund	<u>\$ 232,443</u>
Receipts Over (Under) Expenditures	232,443
Unencumbered Cash, Beginning	<u>773,226</u>
Unencumbered Cash, Ending	<u><u>\$ 1,005,669</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
 Driver Training Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
State aid	\$ 7,560	\$ 7,696	\$ 136
Student fees	20,000	13,720	(6,280)
Total Cash Receipts	27,560	21,416	(6,144)
Expenditures:			
Instruction	27,000	17,252	9,748
Vehicle operations and maintenance services	105,000	18,062	86,938
Total Expenditures	132,000	35,314	96,686
Receipts Over (Under) Expenditures	(104,440)	(13,898)	90,542
Unencumbered Cash, Beginning	117,586	117,587	1
Unencumbered Cash, Ending	\$ 13,146	\$ 103,689	\$ 90,543

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
 Extraordinary School Program Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Tuition	\$ 70,000	\$ 37,619	\$ (32,381)
Expenditures:			
Instruction	<u>70,000</u>	<u>37,619</u>	<u>32,381</u>
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
Food Service Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
State aid	\$ 7,850	\$ 9,209	\$ 1,359
Federal aid	347,561	352,317	4,756
Charges for services	353,280	447,112	93,832
Total Cash Receipts	708,691	808,638	99,947
Expenditures:			
Operation and maintenance	79,025	65,411	13,614
Food service operation	914,500	785,931	128,569
Total Expenditures	993,525	851,342	142,183
Receipts Over (Under) Expenditures	(284,834)	(42,704)	242,130
Unencumbered Cash, Beginning	284,834	284,835	1
Unencumbered Cash, Ending	\$ -	\$ 242,131	\$ 242,131

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
 KPERS Special Retirement Contribution Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
State contributions	\$ 843,919	\$ 661,414	\$ (182,505)
Expenditures:			
Instruction	570,919	661,414	(90,495)
Student support	50,000	-	50,000
Instructional support	25,000	-	25,000
General administration	20,000	-	20,000
School administration	90,000	-	90,000
Operations and maintenance	55,000	-	55,000
Student transportation services	15,000	-	15,000
Food service	18,000	-	18,000
Total Expenditures	<u>843,919</u>	<u>661,414</u>	<u>182,505</u>
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
Professional Development Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Transfer from Supplemental General Fund	\$ -	\$ 20,000	\$ 20,000
Total Cash Receipts	<u>-</u>	<u>20,000</u>	<u>20,000</u>
Expenditures:			
Instructional support services	<u>52,500</u>	<u>23,681</u>	<u>28,819</u>
Receipts Over (Under) Expenditures	(52,500)	(3,681)	48,819
Unencumbered Cash, Beginning	<u>150,000</u>	<u>150,001</u>	<u>1</u>
Unencumbered Cash, Ending	<u><u>\$ 97,500</u></u>	<u><u>\$ 146,320</u></u>	<u><u>\$ 48,820</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
 Parent Education Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
State aid	\$ 17,471	\$ 17,306	\$ (165)
Transfer from Supplemental General Fund	<u>11,356</u>	<u>11,356</u>	<u>-</u>
Total Cash Receipts	28,827	28,662	(165)
Expenditures:			
Student support services	<u>28,827</u>	<u>28,662</u>	<u>165</u>
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
Special Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
Federal aid	\$ 573,859	\$ 340,419	\$ (233,440)
ARRA Federal aid	-	198,432	198,432
Medicaid	-	51,987	51,987
Transfer from General Fund	1,080,120	1,321,015	240,895
Transfer from Supplemental General Fund	648,548	360,000	(288,548)
Total Cash Receipts	<u>2,302,527</u>	<u>2,271,853</u>	<u>(30,674)</u>
Expenditures:			
Instruction	1,611,000	1,608,232	2,768
Student support services	553,000	557,970	(4,970)
General administration	383,000	216,423	166,577
Student transportation services	53,000	39,981	13,019
Total Expenditures	<u>2,600,000</u>	<u>2,422,606</u>	<u>177,394</u>
Receipts Over (Under) Expenditures	(297,473)	(150,753)	146,720
Unencumbered Cash, Beginning	<u>1,340,176</u>	<u>1,340,175</u>	<u>(1)</u>
Unencumbered Cash, Ending	<u>\$ 1,042,703</u>	<u>\$ 1,189,422</u>	<u>\$ 146,719</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
Vocational Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Federal aid	\$ 18,216	\$ -	\$ (18,216)
Transfer from General Fund	142,426	150,393	7,967
Transfer from Supplemental General Fund	100,000	199,830	99,830
Total Cash Receipts	<u>260,642</u>	<u>350,223</u>	<u>89,581</u>
Expenditures:			
Instruction	<u>360,642</u>	<u>325,223</u>	<u>35,419</u>
Receipts Over (Under) Expenditures	(100,000)	25,000	125,000
Unencumbered Cash, Beginning	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ 125,000</u></u>	<u><u>\$ 125,000</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
Textbook and Student Materials Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2011

	<u>Actual</u>
Cash Receipts:	
Textbook rental	\$ 93,324
Transfer from Supplemental General Fund	75,000
Total Cash Receipts	<u>168,324</u>
 Expenditures:	
Textbook purchases	<u>220,996</u>
 Receipts Over (Under) Expenditures	(52,672)
 Unencumbered Cash, Beginning	<u>250,001</u>
 Unencumbered Cash, Ending	<u><u>\$ 197,329</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
 Historical Museum Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem property	\$ 58,433	\$ 58,972	\$ 539
Delinquent tax	1,068	1,561	493
Motor vehicle tax	11,222	10,993	(229)
Total Cash Receipts	<u>70,723</u>	<u>71,526</u>	<u>803</u>
Expenditures:			
Community service operations	<u>65,583</u>	<u>65,583</u>	<u>-</u>
Receipts Over (Under) Expenditures	5,140	5,943	803
Unencumbered Cash, Beginning	<u>53,913</u>	<u>53,913</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 59,053</u>	<u>\$ 59,856</u>	<u>\$ 803</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
 Recreation Commission Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem property	\$ 305,053	\$ 311,060	\$ 6,007
Delinquent tax	5,606	7,230	1,624
Motor vehicle tax	58,928	57,674	(1,254)
Total Cash Receipts	<u>369,587</u>	<u>375,964</u>	<u>6,377</u>
Expenditures:			
Community service operations	<u>322,744</u>	<u>322,744</u>	<u>-</u>
Receipts Over (Under) Expenditures	46,843	53,220	6,377
Unencumbered Cash, Beginning	<u>201,837</u>	<u>201,837</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 248,680</u>	<u>\$ 255,057</u>	<u>\$ 6,377</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
Federal Projects Funds
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2011

	<u>Title I Low Income</u>	<u>Title II-A Teacher Quality</u>	<u>Title II-D Tech Literacy</u>	<u>Title II EETT Enhancing</u>	<u>Carl Perkins Grant</u>
Cash Receipts:					
Federal aid	\$ 197,587	\$ 62,044	\$ 669	\$ 28,000	\$ 17,454
ARRA Federal aid	57,283	-	2,076	-	-
Transfer from Supplemental General Fund local match	-	-	-	17,000	-
Transfer from Title II-A Teacher Quality	5,622	-	-	-	-
Total Cash Receipts	<u>260,492</u>	<u>62,044</u>	<u>2,745</u>	<u>45,000</u>	<u>17,454</u>
Expenditures:					
Instruction and supplies	262,414	58,819	2,745	50,899	17,454
Transfer to:					
Title I Low Income	-	5,622	-	-	-
Total Expenditures	<u>262,414</u>	<u>64,441</u>	<u>2,745</u>	<u>50,899</u>	<u>17,454</u>
Receipts Over (Under) Expenditures	(1,922)	(2,397)	-	(5,899)	-
Unencumbered Cash, Beginning	<u>10,306</u>	<u>2,397</u>	<u>-</u>	<u>5,899</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 8,384</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
Bond and Interest Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem property	\$ 541,555	\$ 546,812	\$ 5,257
Delinquent tax	8,444	18,839	10,395
Motor vehicle tax	120,691	120,390	(301)
State aid	788,853	788,853	-
Total Cash Receipts	<u>1,459,543</u>	<u>1,474,894</u>	<u>15,351</u>
Expenditures:			
Interest	517,705	517,705	-
Principal	1,060,000	1,060,000	-
Total Expenditures	<u>1,577,705</u>	<u>1,577,705</u>	<u>-</u>
Receipts Over (Under) Expenditures	(118,162)	(102,811)	15,351
Unencumbered Cash, Beginning	<u>1,350,382</u>	<u>1,350,382</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 1,232,220</u>	<u>\$ 1,247,571</u>	<u>\$ 15,351</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
Expendable Trust Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2011

	<u>Actual</u>
Cash Receipts:	
Donations and interest	\$ 33,828
Expenditures:	
Scholarships	<u>36,829</u>
Receipts Over (Under) Expenditures	(3,001)
Unencumbered Cash, Beginning	<u>137,535</u>
Unencumbered Cash, Ending	<u><u>\$ 134,534</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
 School Activity Funds
 Statement of Cash Receipts and Disbursements - Actual
 Year Ended June 30, 2011

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Student Organization Funds:				
High School:				
After Prom	\$ 570	\$ 6,068	\$ 4,159	\$ 2,479
Band Club	2,380	10,175	4,788	7,767
Baseball	5,003	4,508	6,848	2,663
Basketball Team - Men	257	10,210	10,356	111
Basketball Team - Women	534	4,564	4,207	891
Bowling Club	11	735	746	-
Cheerleaders	3,959	27,450	30,052	1,357
Class of 2011	3,190	4,015	3,939	3,266
Class of 2012	192	19,255	16,228	3,219
Class of 2013	64	1,243	692	615
Crime Stoppers	75	-	-	75
Cross Country/Track	935	16,315	13,280	3,970
Debate/Forensics	419	1,726	1,250	895
Drama Club	1,471	5,254	5,528	1,197
Electorally Car Club	58	700	589	169
Football team	-	-	-	-
F.C.A.	106	-	-	106
F.C.C.L.A. Club	286	4,815	3,879	1,222
Fund Raising	4,044	11,849	2,808	13,085
Golf/Boys Club	6	611	617	-
Golf/Girls Club	50	-	-	50
K.A.Y. Club	887	8,439	7,800	1,526
KCAT	111	46	63	94
M-Club	129	-	-	129
Mulvane Mentors - Friendship Club	220	-	-	220
Nacho Libros - Book Club	-	1,552	848	704
National Honor Society	1,275	1,829	2,326	778
Personnel Finance Grant	-	700	511	189
Soccer Team	-	1,528	152	1,376
Pom Pon Club	1,333	7,511	8,634	210
Rowdie Crowd Pep Club	249	1	200	50

UNIFIED SCHOOL DISTRICT NO. 263
School Activity Funds
Statement of Cash Receipts and Disbursements - Actual
UNIFIED SCHOOL DISTRICT NO. 263

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Student Organization Funds:				
High School:				
Quill Type Club	\$ 721	\$ 1	\$ -	\$ 722
SADD Club	31	992	225	798
School Newspaper Club	674	70	651	93
Scholar's Bowl Club	240	1	-	241
Softball	3	200	200	3
Soccer Team	508	7,610	6,053	2,065
Student Council	582	4,112	4,554	140
TASK	425	-	-	425
Thespians Club	767	1,126	353	1,540
TSA/Skills USA	581	820	928	473
Vocal Music Club	5,698	8,757	11,701	2,754
Yearbook Club	2,231	29,344	29,614	1,961
Volleyball team	101	1,073	1,069	105
Wrestling Club	430	3,843	3,334	939
Middle School:				
Cross Country	165	-	-	165
Cheerleading	7,565	17,999	19,024	6,540
Sevenettes Club	220	150	197	173
Seventh Grade Girls Basketball	54	-	-	54
Sixth Grade Language Arts	-	500	-	500
Student Council	630	916	972	574
RAD Club	1,340	1,618	1,249	1,709
Team Apparel	296	3,259	2,906	649
Track	-	214	20	194
Yearbook Club	2,119	8,230	8,198	2,151
Total	<u>\$ 53,195</u>	<u>\$ 241,934</u>	<u>\$ 221,748</u>	<u>\$ 73,381</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
 District Activity Funds
 Statement of Cash Receipts, Expenditures and Unencumbered Cash
 Year Ended June 30, 2011

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Outstanding Encumbrances</u>	<u>Ending Cash Balance</u>
Gate receipts:						
High school	\$ 14,654	\$ 80,764	\$ 56,153	\$ 39,265	\$ -	\$ 39,265
Middle school	1,720	25,003	14,883	11,840	-	11,840
Total gate receipts	<u>16,374</u>	<u>105,767</u>	<u>71,036</u>	<u>51,105</u>	<u>-</u>	<u>51,105</u>
School projects:						
High school	1,391	4,521	3,636	2,276	-	2,276
Middle school	1,278	1,615	1,266	1,627	-	1,627
Grade school	744	42	502	284	-	284
Primary school	2,664	1,134	153	3,645	-	3,645
Total school projects	<u>6,077</u>	<u>7,312</u>	<u>5,557</u>	<u>7,832</u>	<u>-</u>	<u>7,832</u>
Total	<u>\$ 22,451</u>	<u>\$ 113,079</u>	<u>\$ 76,593</u>	<u>\$ 58,937</u>	<u>\$ -</u>	<u>\$ 58,937</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
Notes to Financial Statements
June 30, 2011

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of Unified School District No. 263 (the District) is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the District's management, who is responsible for their integrity and objectivity. These accounting policies conform to a comprehensive basis of accounting other than generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Reporting Entity

Unified School District No. 263 is a municipal corporation located in Mulvane, Kansas, governed by an elected seven-member board. The Mulvane Board of Education ("Board") is the basic level of government, which has financial accountability, and control over all activities related to the public school education in the City of Mulvane, Kansas. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the board is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Boards Statement 14, which are included in the District's reporting entity.

Basis of Presentation

Fund Accounting - A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the fiscal year of 2011:

Governmental Funds

General Fund - to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds - to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditures for specified purposes.

UNIFIED SCHOOL DISTRICT NO. 263
Notes to Financial Statements
June 30, 2011

1. Summary of Significant Accounting Policies (continued)

Debt Service Fund - to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt.

Fiduciary Funds

Expendable Trust and Agency Funds - to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Basis of Accounting

Statutory Basis of Accounting. The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

Departure from Accounting Principles Generally Accepted in the United States of America. The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown non-cash assets such as receivables, inventories and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable and reservations of the fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. General fixed assets that account for the land, building and equipment owned by the District are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes and compensated absences are not presented in the financial statements.

The District has approved a waiver from generally accepted accounting principles, allowed by the State of Kansas, which allows the District to report on the statutory basis of accounting.

UNIFIED SCHOOL DISTRICT NO. 263
Notes to Financial Statements
June 30, 2011

2. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), and debt service fund. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budget was amended in June 2011.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, trust and agency funds and the following special revenue funds:

Contingency Reserve Fund
Textbook and Student Materials Fund
Federal Projects Funds
Gate Receipts
School Projects

UNIFIED SCHOOL DISTRICT NO. 263

Notes to Financial Statements

June 30, 2011

2. Budgetary Information (continued)

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

3. Interfund Transfers

Recurring annual transfers between funds for the purpose of shifting resources from the fund legally required to receive the revenue to the fund authorized to expend the revenue are as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	Bilingual Education Fund	K.S.A. 72-6428	\$ 2,887
General Fund	Special Education Fund	K.S.A. 72-6428	1,321,015
General Fund	Vocational Education Fund	K.S.A. 72-6428	150,393
General Fund	At Risk Fund (K-12)	K.S.A. 72-6428	744,474
General Fund	At Risk Fund (4 yr old)	K.S.A. 72-6428	73,109
General Fund	Contingency Reserve Fund	K.S.A. 72-6428	232,443
Supplemental General Fund	Parent Education Fund	K.S.A. 72-6428	11,356
Supplemental General Fund	Special Education Fund	K.S.A. 72-6428	360,000
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6428	199,830
Supplemental General Fund	Professional Development Fund	K.S.A. 72-6428	20,000
Supplemental General Fund	Title II EETT Enhancing Fund	K.S.A. 72-6428	17,000
Supplemental General Fund	Textbook and Student Material Fund	K.S.A. 72-6428	75,000
Title IIA – Teacher Quality	Title I Low Income Fund	K.S.A. 72-6428	5,622

4. Defined Benefit Pension Plan

Plan description. The District contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefits provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

UNIFIED SCHOOL DISTRICT NO. 263

Notes to Financial Statements

June 30, 2011

4. Defined Benefit Pension Plan (continued)

Funding policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% (Tier 1) and 6% (Tier 2) of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 9.17% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. Kansas' contribution to KPERS for all Kansas public school employees for the years ending June 30, 2011, 2010 and 2009 were \$188,864,352, \$248,468,186, and \$242,277,363 respectively, equal to the required contributions for each year as set forth by the legislature. Remaining balance due from the State for year ending June 30, 2011 of \$64,969,692 was received by July 12, 2011. The amounts attributable to the District for the years ending June 30, 2011, 2010, 2009 were \$661,414, \$754,847, and \$755,257.

5. Compensated Absences

Vacation

Twelve-month non-teacher personnel are provided vacation ranging from 2 to 4 weeks based on years of service. All earned vacation time is to be taken from July 1 to June 30 of each fiscal year and cannot be accumulated or carried forward. Hence, there is no estimated liability for accrued vacation pay at June 30, 2011.

Personal Time Off

All classified employees who work at least 20 hours per week start each school year with 7 to 10 days of personal time off with full pay and may carry over a total of 5 days. All certified staff will be granted 10 days of personal time off with full pay and can carry over a total of 10 days into an accumulated sick leave account with an accumulated total of not more than 80 days. Twelve month building administrators start each school year with 30 days of personal time off with full pay and may carry over 15 days of personal time off. Ten and a half month building administrators and twelve month directors start each school year with 20 days of personal time off with full pay and may carry over 10 days of personal time off. Terminated or retiring classified staff and administrators are compensated for their unused personal time off at a rate of \$8.00 per hour. Terminated or retiring certified staff are compensated for their unused personal time off at a rate of \$12.00 per day. The accumulated sick leave carried by employees as of July 1, 2008 will be carried forward in a sick leave reserve account that will be paid at the rate of \$12.00 per day upon retirement or resignation. Personal time off will be used before the sick leave reserve unless there is five consecutive days of absence. For financial statement purposes, personal time off is recognized when paid. The estimated liability at June 30, 2011, if all employees were to use their accumulated personal time off, would be \$48,623.

UNIFIED SCHOOL DISTRICT NO. 263
Notes to Financial Statements
June 30, 2011

6. Deposits and Investments

Deposits

At June 30, 2011, the carrying amount of the District deposits was \$5,912,955. The bank balance was \$7,667,239. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance, \$250,000 was covered by FDIC insurance and the remaining \$7,417,239 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the District's name and irrevocable letters of credit. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the District, the pledging bank, and the independent third-party bank holding the pledged securities.

7. Lease Commitments

As of June 30, 2011 the district was subject to several leases with fixed terms as well as on a month-to-month basis. The following is a listing of the equipment, terms and payment amounts for those leases.

<u>Equipment Leased</u>	<u>Term of Lease</u>	<u>Payment Amount</u>
Six copiers	60 month term	\$ 1,637 per month
Bobcat skid steer	one year term	\$ 3,715
Portable classroom	36 month term	\$ 670 per month

The District receives lease payments as follows:

<u>Equipment Leased</u>	<u>Term of Lease</u>	<u>Payment Amount</u>
Bloomenshine center	60 month term	\$10,000 per month
Mulvane Recreation Commission	five year term	

8. Risk Management

The District manages risk primarily through the purchase of insurance coverage from commercial insurers.

9. Subsequent Events

Subsequent events have been evaluated through January 20, 2012, which is the date the financial statements were available to be issued. There were no such events to be disclosed.

UNIFIED SCHOOL DISTRICT NO. 263
Notes to Financial Statements
June 30, 2011

10. Compliance with Kansas Statutes

Management is aware of no statutory violations for the period covered by the June 30, 2011 financials.

Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d)

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) requires the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by the Statutes.

UNIFIED SCHOOL DISTRICT NO. 263
GENERAL FUND
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
Year Ended June 30, 2011

	<u>Budget</u>	<u>Statutory Transactions</u>	<u>Variance Favorable (Unfavorable)</u>
STATUTORY REVENUES:			
Taxes and shared revenue:			
Ad valorem property	\$ 1,004,046	\$ 1,014,771	\$ 10,725
Delinquent tax	18,359	26,267	7,908
Mineral production tax	-	116	116
Federal aid:			
ARRA Stabilization funds	179,009	179,009	-
Education job credit	-	313,445	313,445
State aid:			
Equalization aid	7,752,077	7,202,050	(550,027)
Special education aid	1,103,182	1,321,015	217,833
Total Statutory Revenues	<u>10,056,673</u>	<u>10,056,673</u>	<u>-</u>
EXPENDITURES:			
Instruction	5,249,200	5,069,914	179,286
Student support services	243,950	241,502	2,448
Instructional support services	248,000	186,403	61,597
General administration	280,600	451,515	(170,915)
School administration	799,000	789,031	9,969
Operations and maintenance	710,000	476,089	233,911
Student transportation services	69,000	56,358	12,642
Vehicle operating services	206,000	201,919	4,081
Vehicle and maintenance services	60,315	59,621	694
Transfer to:			
Bilingual Education Fund	3,000	2,887	113
Special Education Fund	1,103,182	1,321,015	(217,833)
Vocational Education Fund	142,426	150,393	(7,967)
At Risk Fund (4 yr old)	80,000	73,109	6,891
At Risk Fund (K-12)	862,000	744,474	117,526
Contingency Reserve Fund	-	232,443	(232,443)
Total Expenditures	<u>10,056,673</u>	<u>10,056,673</u>	<u>-</u>
Revenue Over (Under) Expenditures	-	-	-
MODIFIED UNENCUMBERED CASH, July 1, 2010	<u>-</u>	<u>-</u>	<u>-</u>
MODIFIED UNENCUMBERED CASH, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

UNIFIED SCHOOL DISTRICT NO. 263
SUPPLEMENTAL GENERAL FUND
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
Year Ended June 30, 2011

	<u>Budget</u>	<u>Statutory Transactions</u>	<u>Variance Favorable (Unfavorable)</u>
STATUTORY REVENUES:			
Taxes and shared revenue:			
Ad valorem property	\$ 1,044,959	\$ 1,096,190	\$ 51,231
Delinquent tax	18,897	25,125	6,228
Motor vehicle tax	173,427	167,959	(5,468)
State aid:			
Equalization aid	<u>2,068,854</u>	<u>2,051,597</u>	<u>(17,257)</u>
Total Statutory Revenues	3,306,137	3,340,871	34,734
EXPENDITURES:			
Instruction	1,326,500	1,278,832	47,668
Instruction support services	10,000	6,952	3,048
General administration	185,000	172,553	12,447
School administration	12,000	7,083	4,917
Operations and maintenance	946,000	1,173,776	(227,776)
Transfer to:			-
Textbook and Student Materials Fund	100,000	75,000	25,000
Professional Development Fund	-	20,000	(20,000)
Title II EETT Enhancing Fund	-	17,000	(17,000)
Parent Education Program Fund	11,356	11,356	-
Special Education Fund	648,548	360,000	288,548
Vocational Education Fund	<u>100,000</u>	<u>199,830</u>	<u>(99,830)</u>
Total Expenditures	3,339,404	3,322,382	17,022
Revenue Over (Under) Expenditures	(33,267)	18,489	51,756
MODIFIED UNENCUMBERED CASH, July 1, 2010	<u>33,267</u>	<u>33,268</u>	<u>1</u>
MODIFIED UNENCUMBERED CASH, June 30, 2011	<u>\$ -</u>	<u>\$ 51,757</u>	<u>\$ 51,757</u>

UNIFIED SCHOOL DISTRICT NO. 263

Notes to Financial Statements

Year Ended June 30, 2011

11. Long-term Debt

Changes in long-term liabilities for the District for the year ended June 30, 2011 were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds:										
Series 2004, School Building	3.25% to 5.00%	6/1/2004	\$ 10,069,000	9/1/2018	\$ 9,305,000	\$ -	\$ 280,000	\$ -	\$ 9,025,000	\$ 429,100
Series 2008, Refunding	3.00% to 3.15%	6/1/2008	\$ 4,025,000	9/1/2013	3,300,000	-	780,000	-	2,520,000	88,605
Capital Leases:										
Energy Equipment	4.189%	6/29/2011	\$ 1,185,832	6/29/2023	-	1,185,832	-	-	1,185,832	-
Total Contractual Indebtedness					12,605,000	1,185,832	1,060,000	-	12,730,832	517,705
Compensated Absences	N/A	N/A	N/A	N/A	60,391	-	-	(11,768)	48,623	-
Total Indebtedness					<u>\$ 12,665,391</u>	<u>\$ 1,185,832</u>	<u>\$ 1,060,000</u>	<u>\$ (11,768)</u>	<u>\$ 12,779,455</u>	<u>\$ 517,705</u>

Annual Debt Service Requirements

	2012	2013	2014	2015	2016	2017-2021	2022-therafter	Total
Principal:								
General obligation bonds	\$ 1,135,000	\$ 1,210,000	\$ 1,280,000	\$ 1,390,000	\$ 1,480,000	\$ 5,050,000	\$ -	\$ 11,545,000
Capital leases	77,871	81,167	84,603	88,184	91,917	521,345	240,745	1,185,832
Interest:								
General obligation bonds	482,630	443,980	401,821	349,256	283,700	387,275	-	2,348,662
Capital Leases	48,867	45,571	42,135	38,554	34,822	112,346	12,739	335,034
Total Principal and Interest								
	<u>\$ 1,744,368</u>	<u>\$ 1,780,718</u>	<u>\$ 1,808,559</u>	<u>\$ 1,865,994</u>	<u>\$ 1,890,439</u>	<u>\$ 6,070,966</u>	<u>\$ 253,484</u>	<u>\$ 15,414,528</u>

MEMBERS
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JOHN B. GOSS, C.P.A.

PRINCIPALS
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OF COUNSEL
MARVIN W. NYE, C.P.A.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education
Unified School District No. 263
Mulvane, Kansas

We have audited the basic financial statements of Unified School District No. 263 as of and for the year ended June 30, 2011, and have issued our report thereon dated January 20, 2012. Our report disclosed that, as discussed in Note 1 to the financial statements, the District prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Accordingly, we do not express an opinion of the effectiveness of the District's internal control over financial reporting.

Internal Control Over Financial Reporting (continued)

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

This report is intended for the information of the management of Unified School District No. 263 and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Peterson Peterson & Zoss, LC

January 20, 2012

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JOHN B. GOSS, C.P.A.

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education
Unified School District No. 263
Mulvane, Kansas

Compliance

We have audited the compliance of Unified School District No. 263 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Unified School District No. 263 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of the management of Unified School District No. 263, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Peterson Peterson & Zoss, LC

January 20, 2012

UNIFIED SCHOOL DISTRICT NO. 263
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Unified School District No. 263.
2. No significant deficiencies relating to the audit of the financial statements are reported in the report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Unified School District No. 263 were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the report on compliance in accordance with OMB Circular A-133.
5. The auditor's report on compliance of the major federal award programs for Unified School District No. 263 expresses an unqualified opinion.
6. Findings relative to the major federal award programs for Unified School District No. 263 are reported in Part C of this schedule.
7. The programs tested as major programs included:

State Fiscal Stabilization Fund, Recover Act – 84.394
Education Jobs Fund – 84.410
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Unified School District No. 263 was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCIES

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

UNIFIED SCHOOL DISTRICT NO. 263
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures	Award Amount by Cluster
U.S. Department of Agriculture:				
Passed-through Kansas Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	3529-3490	\$ 63,408	
National School Lunch Program	10.555	3530-3500	240,682	
Cash for Commodities	10.555	3530-3500	<u>48,227</u>	
Total Child Nutrition Cluster				352,317
U.S. Department of Education:				
Passed-through Kansas Department of Education:				
Title I, Part A Cluster:				
Title I, Low Income	84.010	3532-3520	197,587	
ARRA - Title I, Low Income	84.389	3532-3525	<u>57,283</u>	
Total Title I, Part A Cluster				254,870
Program Improvement	84.048	3539-3590	17,454	17,454
Title II-A, Improving Teacher Quality	84.367	3526-3860	62,044	62,044
Special Education Cluster:				
EHC Flo-Thru	84.027	3234-3050	310,164	
EHC Flo-Thru Disc	84.027	3234-3050	18,094	
EC Flo-Thru	84.173	3234-3050	12,161	
ARRA - Special Educ. Part B Grants	84.391	3234-3055	190,412	
ARRA - Special Educ. Part B Preschool	84.392	3535-3555	<u>8,020</u>	
Total Special Education Cluster				538,851
Educational Technology State Grants Cluster:				
Title II-D, Technology Literacy	84.318	3233-3040	669	
Title II-EETT Enhancing	84.318	3233-3040	28,000	
ARRA - Title II-D, Technology Literacy	84.386	3233-3044	<u>2,076</u>	
Total Educational Technology State Grants Cluster				30,745
ARRA - State Fiscal Stabilization Funds - 2009	84.394	3790-3790	179,009	179,009
Educational Jobs Fund	84.410	3551-3551	313,445	313,445
U.S. Department of Health and Human Services:				
Passed-through Kansas Social and Rehabilitation Services:				
Medicaid	93.778	N/A	56,508	<u>56,508</u>
Total Federal Awards Expended				<u>\$ 1,805,243</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 263
Schedule of Expenditures of Federal Awards
Year Ended June 30,2011

Note 1 - Basis of Presentation

The schedule of expenditures of federal awards is presented using the accounting practice prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, the same as the financial statements accompanying this schedule. The information is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

UNIFIED SCHOOL DISTRICT NO. 263
Summary of Prior Audit Findings
Year Ended June 30, 2011

There are no prior audit findings.